



Your business
is our business.

7852 Walker Drive, Suite 200
Greenbelt, Maryland 20770
phone: 301-459-7590, fax: 301-577-5575
internet: www.isitel.com, e-mail: jsi@isitel.com

November 20, 2019

Via ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Washington, DC 20554

**Re: WC Docket Nos. 10-90, 14-58, 07-135 and CC Docket No. 01-92
West Carolina Rural Telephone Cooperative, Inc.
Notice of *Ex Parte***

Dear Ms. Dortch:

On Tuesday, November 19, 2019, Jeff Wilson of West Carolina Rural Telephone Cooperative, Inc. (“WCTel”), Dustin Durden of Pineland Telephone Cooperative, Inc. (“Pineland”), John Kuykendall and Cassandra Heyne of JSI, and Chad Duval of Moss Adams (collectively, “Pineland Petition Representatives” or “Representatives”) met with Austin Bonner of the Office of Commissioner Geoffrey Starks. The purpose of the meeting was to discuss WCTel’s support for Pineland’s Petition for Reconsideration¹ of the Report and Order released by the Federal Communications Commission (“FCC” or “Commission”) on December 13, 2018 in the above-referenced dockets.² The attached presentation was also provided to Ms. Bonner. The Representatives provided new data refining initial estimates on the budget impact and further refinement of how glidepath companies would be handled were the petition to be granted as well as how grant of the petition would benefit rural customers across the country. At the conclusion of the meetings, they urged Ms. Bonner to expeditiously grant Pineland’s Petition. If the Petition is granted, thousands of additional locations will be able to receive 25/3 Mbps broadband.

Pursuant to discussions about how granting the petition would impact the budget, the Representatives add that the budget for the A-CAM II offer less the amount committed to A-CAM II electing carriers and the amount estimated for carriers remaining on Legacy

¹ Pineland Telephone Cooperative, Inc., Petition for Reconsideration, WC Docket No. 10-90, et al. (filed Mar. 21, 2019) (“Petition”).

² See *In the Matter of Connect America Fund, ETC Annual Reports and Certifications, Establishing Just and Reasonable Rates for Local Exchange Carriers, Developing a Unified Inter-carrier Compensation Regime, Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration*, WC Docket Nos. 10-90, 14-58, 07-135, and CC Docket No. 01-92, FCC 18-176, rel. December 13, 2018.

is sufficient to cover 95 percent of the estimated \$43 million potential obligation of granting the petition. The Representatives informed Ms. Bonner that it is unlikely that all the companies that would benefit from an A-CAM II offer would accept it.

Please direct any questions regarding the filing to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "John Kuykendall". The signature is fluid and cursive, with the first name "John" and last name "Kuykendall" clearly distinguishable.

John Kuykendall
JSI Vice President
301-459-7590
jkuykendall@jsitel.com

cc: Austin Bonner

Attachment



Petition to Harmonize a Serious Policy Discrepancy Between A-CAM I and A-CAM II

RE: Pineland Telephone Cooperative, Inc. Petition for Reconsideration of A-CAM II Order

November 19, 2019

1

Why WCTel is supporting Pineland



1995 – Dial-up local Internet access service

2000 – High-speed DSL Internet access service

2008 – Fiber optic cable Internet service

#1 Fastest Fiber Provider in South Carolina, Top 10 Fastest Internet Providers Nationwide, and Top 5 Fastest Fiber Providers Nationwide

High-speed Internet is the technology that will eliminate the rural-urban divide and provide economic opportunity to rural areas of the nation

2

WCTel service area



3

WCTel 2018 snapshot

Item	2018 Total
Access Lines	8,806
Internet Service Connections	8,175
Consumer Broadband Only Line Subscribers (CBOL)	1,428
Square miles served	862
Network route miles	1,442
Access lines per square mile	10.22
Internet connections per square route mile	9.48
Subscribers per route mile (access lines)	6.11
Subscribers per route mile (Internet connections)	5.67

4

The A-CAM II Policy Change

5

The FCC policy change

FCC changed an important policy in A-CAM II that concerns broadband offerings using fiber optic cable or cable technologies

This change creates serious, arbitrary, and irrational distinctions among rural customers funded under A-CAM I versus those customers funded under A-CAM II

The FCC can make higher speeds available to more rural customers without arbitrary distinctions by harmonizing the conditions applicable to A-CAM I and A-CAM II support

6

The A-CAM anomaly details

A-CAM I

- Banned funding in census blocks with reported existing fiber or cable technology for broadband service
- Most A-CAM I funding was for 10/1 Mbps
- A-CAM I was open to almost all rate-of-return carriers

A-CAM II

- Permits funding for census blocks where the provider (or affiliate) has some fiber or cable technology used for broadband service
- The A-CAM II offer was not available to carriers that elected A-CAM I funding despite this major policy change
- A-CAM II obligations are for 25/3 Mbps

Anomaly result is that thousands of customers in A-CAM I-electing carrier service areas are effectively stuck with 10/1 Mbps service obligations

7

How to Fix the Anomaly

8

WCTel recommends the Commission permit and not prohibit A-CAM I-electing carriers' acceptance of the increased obligations and possibly increased universal service support offered by A-CAM II

9

Two types of carriers

GLIDE PATH CARRIER

A-CAM I electing carriers whose 2015 legacy support was higher than A-CAM I annual support

Permitted to accept an A-CAM II offer and receive A-CAM II support for ten years

No adjustment to two-year A-CAM II glide path support

NON-GLIDE PATH CARRIER

A-CAM I electing carriers whose 2015 legacy support was lower than A-CAM I annual support

Permitted to accept an A-CAM II offer and receive A-CAM II support for ten years

Required to return the excess (A-CAM I support less 2015 legacy support) for 2017 and 2018 over no less than four years

WCTel is a glide path carrier

10

Budget impact

WCTel has been able to refine its initial estimates on the budget impact and the benefit for rural end-user customers across the nation

A-CAM I Carriers		
	A-CAM I Electing Carriers	A-CAM I Electing Carriers Likely to Accept A-CAM II Obligations
Glide Path	46	30
Non-Glide Path	214	78
Total	260	108

11

Budget impact

A-CAM I Budget (Additional funds for additional obligations)		A-CAM I Locations	
	A-CAM I Electing Carriers Accepting A-CAM II Obligations and Funding		A-CAM I Electing Carriers Accepting A-CAM II Obligations and Funding
Total 12-year budget (Originally \$2,496,837,981)	\$3,009,724,642	A-CAM I excluded locations that move to 25/3Mbps obligation	63,688
Change in 12-year budget	\$512,886,661	A-CAM I 10/1 Mbps locations that move to 25/3 Mbps	50,891
*Non-Glide Path Payback	\$102,826,434	Total A-CAM I carrier locations receiving 25/3	114,579

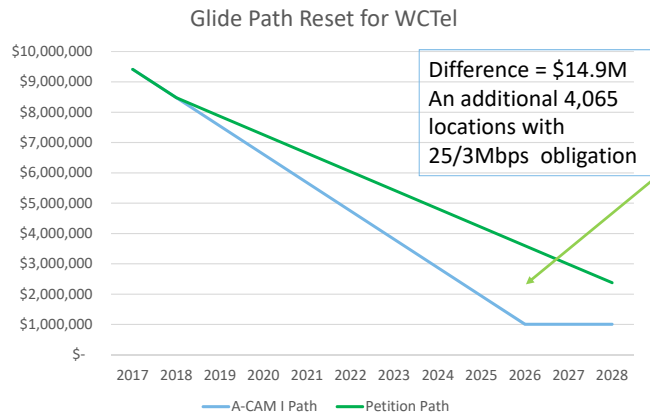
This amounts to \$373 annual support per 25/3 location
 Compares favorably to \$830 annual support per 25/3 location for the June 15, 2019 A-CAM II offer and the \$1,079 annual support for carriers electing A-CAM II offer

12

Glide path carrier operation

A-CAM glide path would “reset” beginning January 1, 2019 using the 2015 legacy support benchmark

- Compared to the non-glide path carriers, no netting is necessary given the reductions made to legacy support in 2017 and 2018



13

Support for the Petition

14

Industry supports fixing the anomaly

- **NTCA:** The FCC should extend A-CAM II “to operators willing to make this additional commitment to their communities regardless of prior elections” (pp. 6-7)
- **WTA:** It is “inequitable” for A-CAM I electors to be unable to obtain support in blocks where they had some existing fiber or cable infrastructure capable of 10/1 Mbps service (p. 3)
- **ITTA:** The “inequitable” treatment of A-CAM I and A-CAM II regarding the fiber and cable census blocks was not addressed by subsequent A-CAM I revisions (p. 3)

15

No community should be relegated to less than 25/3 Mbps by the Commission’s incongruent FTTP policy when a carrier is willing and able, with attending support, to provide 25/3 Mbps broadband service over the term of the A-CAM II offer

16

Thank You
